**Private Sector participation in power generation**

342. SHRI MURLIDHAR CHANDRAKANT BHANDARE:
SHRI MAHENDRA PRASAD:

Will the Minister of ENERGY be pleased to state:

(a) whether Government propose to permit private sector participation in power generation under the Eighth Five Year Plan;

(b) if so, what percentage of power generation is proposed to be given to the private sector and what incentives are to be given to this sector to secure their participation; and

(c) whether ASSOCHAM has sugted any modifications in the scheme for participation of private sector in the management of power stations; if so, what are the details thereof and what is Government's reaction thereto?

THE MINISTER OF STATE IN THE MINISTRY OF ENERGY (SHRI BABAN RAO DHAKNE): (a) Yes, Sir.

(b) No percentage of power generation has been reserved for Private Sector. The details of the incentives offered by the Government in this regard are annexed. (*See* below)

(c) No suggestion from ASSOCHAM have been received regarding the scheme so far.

**Statement**

The following incentives have been approved by the Government to encourage Private Sector Participation in Generation and Distribution of Power:—

— Debt equity ratio has been raised upto 4:1.

— Increase in the prescribed rate of return for the licences has been approved from the existing 12 per cent to 15 per cent.

— Capitalisation of interest during construction has been permitted at the actual cost (instead of at present 1 per cent. above the Reserve Bank rate) for the initial project as well as for the subsequent expansions

— Period of initial validity of the licence has been increased to 30 years from the existing 20 years and subsequent extension for 20 years on each occasion.

— Exemption to private licencees from obtaining clearance under the MRTP Act has been approved.

— To ensure additional resource mobilisation, it has been proposed that at least 60 per cent of the outlay is to come from sources other than public financial institutions; and atleast 11 per cent is to come through promoters contribution.

— Private sector companies have been allowed to operate as generating company independently like NTPC or in association with Central Government/State Government/SEB.

— Such generating companies are permitted to sell power on the basis of standardised two part tariff determined with reference to operational norms and optional PLF prescribed by the Central Electricity Authority/Government and higher rate of depreciation notified by Central Government.

— It is expected that efficient operation of the generating companies will bring in better rate of return for them.

— All licensees/generating companies are to operate within the provisions of Electricity (Supply) Act, 1948 and under the discipline of integrated grid operations.

— To consider encouraging foreign private investment in the power sector and include provisions for such participation within the ambit of the general policy frame-work of liberalisation of foreign investment in the country. It will be necessary that as an integral part of liberalisation measures simplification of the procedure for considering applications for foreign private sector participation in the power sector is achieved by establishment of a High Powered Board for single point clearance of applications in this regard. The High Powered Board would comprise of Secretaries of the concerned Ministries/ Departments in the Union Government and co-option of senior State Government representatives as required.

— Captive generating units are being encouraged to sell/distribute surplus power to SEBs on the basis of contractual agreement and standardised two part tariff.

— Necessary amendments to the Electricity Acts are being brought out shortly.

— A Special Cell is proposed to be created in Department of Power to deal with proposals expeditiously for private sector participation.

**Use of Natural Gas in place of Petrol**

343. SHRI MURLIDHAR CHANDRAKANT BHANDARE:
SHRI MAHENDRA PRASAD:

Will the Minister of PETROLEUM AND CHEMICALS be pleased to state:

(a) whether Government have prepared any time bound action plan for use of natural gas in various sectors to conserve petrol and other petroleum products in view of abundance of its availability; and

(b) if so, what are the details thereof and if not, what are the impediments?

THE MINISTER OF PETROLEUM AND CHEMICALS AND PARLIAMENTARY AFFAIRS (SHRI SATYA PRAKASH MALAVIYA): (a) and (b) Yes, Sir. Government has a time bound plan for the utilisation of natural gas. Available onshore gas in Gujarat, Assam and Andhra Pradesh has already been committed to downstream users. Available gas from the Western offshore region is brought to two shore terminal at Urban (near Bombay) and Hazira (in Gujarat) from where it is supplied to downstream users near Bombay or in the States of Gujarat, Madhya Pradesh, Rajasthan, Uttar Pradesh and Delhi, through the HBJ pipeline. In order to optimise the economic use of gas its imputed value in various sectors is kept in mind while allocating it among the various sectors.

**Launching of Literacy Mission**

344. SHRI MAHENDRA PRASAD:
SHRI MURLIDHAR CHANDRAKANT BHANDARE:

Will the Minister of HUMAN RESOURCE DEVELOPMENT be pleased to state:

(a) whether a massive literacy mission involving millions of students has been launched; and

(b) if so, what are the details thereof?